

WASHINGTON – The House today passed Congresswoman Melissa Bean’s *Small Business Lending Fund Act of 2010*

(H.R. 5297), which will incentivize increased small business lending by community banks. Bean co-sponsored the measure and led debate in favor of the measure on the House floor, and was proud to see it pass today 241 to 182 as part of her ongoing efforts to help small businesses access credit on affordable terms.

“Since the financial crisis of 2008, I’ve repeatedly heard from small business owners in my district and across the country that barriers to affordable credit remain the biggest obstacle to business recovery, expansion and diversification,” Bean said. “SBA lending has increased by 90 percent, putting \$29 billion into the hands of small businesses, and large banks are increasing small business lending in keeping with their commitments. However, a significant gap remains between the supply of available credit and those who need it. This bill seeks to help community banks address that gap through lending to local businesses, whose growth and innovation is key to our nation’s economic recovery.”

The *Small Business Lending Fund Act* establishes a Small Business Loan Fund designed to increase bank lending to small businesses. The legislation will establish a \$30 billion lending for community banks who measurably increase lending to small businesses. Banks must repay all capital investments with interest to the government within ten years, and the non-partisan Congressional Budget Office estimates that the lending fund will profit taxpayers \$1.1 billion, which will be used toward deficit reduction.

The bill also provides \$2 billion in funding for new or existing state lending programs, including Illinois. These programs already exist in around thirty states, use small amounts of public dollars to generate substantial private bank financing, and can use federal dollars to quickly increase small business lending.

Bean recently spoke on the floor of the House about the value of small businesses to the national economy and Congress' record on supporting small business growth and competitiveness. (A video of that speech is available [here](#) .)

The *American Recovery and Reinvestment Act* made vital changes to SBA loan programs, reducing fees for lenders and borrowers on the 7(a) and 504 loan programs and increasing government guarantees on 7(a) loans from 75 and 85 percent to as high as 90 percent. As a result, since February 2009, the SBA has helped support \$29 billion in small business lending, and weekly loan approval volumes have increased by over 90 percent.

The secondary market for SBA loans has also recovered. During a March 2009 visit to the White House, with the New Democrat Coalition, in which she serves as Vice-Chair, Bean personally urged President Obama to address the frozen secondary market for SBA loans, which provides a crucial source of liquidity to small business lenders. In September 2008, the secondary market for SBA loans bought an average of \$328 million of loans from lenders per month. That dropped to below \$100 million a month by January, making it difficult for banks and other lenders to offer credit to small businesses. After the New Dems' visit, the Administration pledged \$15 billion in Treasury funds to reenergize that market for SBA loans, which helped boost lender confidence. The SBA's data for 2010 shows that, so far this year, the secondary market has rebounded to an average monthly loan volume of \$326 million, which has helped support increased lending to small businesses.

-30-